

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AGRE-00 BIB-01 SAJ-01 AID-05 CIAE-00
COME-00 EB-08 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00
XMB-02 OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01 OMB-01
NSC-05 SS-15 STR-04 CEA-01 DODE-00 PA-01 PRS-01 /085 W
-----151119Z 046496 /15

R 150949Z FEB 77

FM AMEMBASSY SOFIA
TO SECSTATE WASHDC 2383
INFO AMEMBASSY MOSCOW
AMEMBASSY BUDAPEST
AMEMBASSY BUCHAREST
AMEMBASSY WARSAW
AMEMBASSY PRAGUE
AMEMBASSY BERLIN
USEC BRUSSELS 199

C O N F I D E N T I A L SOFIA 0302

E.O. 11652: GDS

TAGS: PFOR, BU, EFIN, COMECON

SUBJECT: FINANCE MINISTER DISCUSSES INFLATION, INTRA-CEMA FINANCE

REF: A. SOFIA 0296 NOTAL B. SOFIA 0262

1. AMBASSADOR TOOK OCCASION OF FEB 10 MEETING WITH
FINANCE MINISTER
MELCHEV ON SETTLEMENT OF BULGARIAN BONDS
(REF A) TO ASK OTHER, MORE GENERAL QUESTIONS REGARDING
STATE OF BULGARIAN ECONOMY.

2. IN DISCUSSION OF INFLATION BELCHEV BEGAN BY DENYING
THAT RISES IN PRICES OF SOVIET RAW MATERIALS MIGHT HAVE
SOME IMPACT ON BULGARIAN ECONOMIC PERFORMANCE. HE ASSERTED
FUNDAMENTAL IMMUNITY OF BULGARIAN ECONOMY TO INFLATION
DUE TO MAGNITUDE OF PROPORTION OF ITS TRADE WITH CEMA
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PARTNERS. BELCHEV THEN, HOWEVER, ACKNOWLEDGED THAT GOB
HAD IN FACT MADE DOWNWARD "CORRECTIONS" TO THE 1976
PLAN TARGETS AND HAD UNDERTAKEN "RESTRICTIVE MEASURES"
IN ECONOMY DURING 1976 IN RESPONSE TO "STAGNATION IN
EUROPE" AND THE ENERGY CRISIS. (EMBASSY ANALYSIS OF 1976
ECONOMIC RESULTS (REF B) HAD INFERRED THAT SUCH REVISIONS
WERE LIKELY.)

3. AMB ALSO ASKED BELCHEV ABOUT FINANCIAL ASPECTS OF
INTRA-CEMA TRADE. (BULGARIA SHOWED CEMA DEFICIT IN 1975
OF AROUND \$200 MILLION AND 1977 BULGARIAN/USSR TRADE
PROTOCOL SHOWED POSSIBLE 400 MILLION RUBLE DEFICIT.)
BELCHEV SAID THAT IMBALANCES IN INTRA-CEMA TRADE WERE DEALT
WITH IN MULTILATERAL CLEARING PROCESS ADMINISTERED BY
IBEC. SETTLEMENT COULD BE DELAYED AS LONG AS THREE YEARS
WITH TEMPORARY CREDITS EXTENDED THROUGH IBEC UNDER VERY
FAVORABLE TERMS.
HDWZ

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INFLATION, ECONOMIC CONDITIONS, MEETINGS, BONDS (SECURITIES)
Control Number: n/a
Copy: SINGLE
Sent Date: 15-Feb-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977SOFIA00302
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770053-0512
Format: TEL
From: SOFIA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770240/aaaabjff.tel
Line Count: 73
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: ae384bc6-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 77 SOFIA 296
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 02-Dec-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3318097
Secure: OPEN
Status: NATIVE
Subject: FINANCE MINISTER DISCUSSES INFLATION, INTRA-CEMA FINANCE
TAGS: PFOR, EFIN, BU, COMECON, (BELCHEV, BELCHO)
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/ae384bc6-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009